



U.S. Department of Housing and Urban Development

California State Office
450 Golden Gate Avenue
San Francisco, California 94102
<http://www.hud.gov>

Honorable Don Stapley
Chairman
Maricopa County Board of Supervisors
301 West Jefferson, 10th Floor
Phoenix, Arizona 85003

MAR - 7 2002

RECEIVED

Dear Mr. Stapley:

MAR 15 2002

Subject: Annual Community Performance Assessment
Fiscal Year 2000 Final Report

**COMMUNITY
DEVELOPMENT**

The Community Planning and Development (CPD) Division annually reviews the performance of the County's management of its Community Development Block Grant (CDBG), HOME and Emergency shelter Grant (ESG) funds. These funds are used to implement strategies outlined in the County's Consolidated Plan for preserving existing and developing new affordable housing, improving neighborhoods, and expanding economic opportunities for low and moderate-income persons.

Overall, Maricopa County continues to perform well in the use of resources that address its priority needs and carry out its programs as described in the Consolidated Plan. Staff continues to demonstrate their ability to implement HJJD programs. The Consolidated Plan/Action Plan complies with the requirements of the Housing and Community Development Act and other applicable laws and regulations. All funds were allocated consistent with the priority needs of these plans.

Our office has reviewed the County's 2000 Consolidated Annual Performance and Evaluation Report (CAPER). Our review of the CAPER and other available information, confirms that the County has the continuing capacity to administer its CDBG, HOME and ESG programs.

During the past year, Maricopa County has established and addressed both housing and non-housing objectives for the preservation of its older neighborhoods as well as objectives for increasing the supply of high quality affordable housing. In addition, limited ESG funds were used to provide needed assistance to local and regional homeless facilities serving domestic violence victims, families with children, and single adult males. Through public service agencies funded with County General Funds, and CSBG, the needs of homeless persons and persons with special needs were also addressed.

Affordable Housing

The Consolidated Plan indicates that about 32 percent of households in the urban county portion of Maricopa County are in distress relative to their housing. Distress is defined as living in units where all, or a combination of factors are present. These factors are, units having physical defects, overcrowded conditions, and/or being cost burdened (paying more than 30 percent of their incomes for housing). The Maricopa Consolidated Plan shows approximately 33,207 households in the urban county portion of Maricopa County with incomes that are in the extremely low (0-30%), very low (31-50%), and low (51-80%) categories, to be in some degree of distress. Renters comprise 12,287, or 37 percent of all distressed households in these income categories, while 20,920, or 63 percent are owners.

Maricopa County's primary focus has been on maintaining the existing housing stock of its 14 incorporated cities and its unincorporated area through the rehabilitation of single-family owner-occupied housing. The 2000 CAPER reports the rehabilitation of single-family owner-occupied units in seven of these 15 geographic areas using both CDBG and HOME funds. The report shows 43 units rehabilitated. This effort is being supplemented by providing homeownership opportunities for low-income households through new construction (38 units) and providing down' payment and closing cost assistance to first time homebuyers (23 families). An additional 23 units of self-help single-family housing are under construction in Guadalupe. Rental housing needs are being addressed with Maricopa County IDA Bond and Low Income Housing Tax Credit (LIHTC) projects in Avondale, unincorporated Maricopa County, and Youngtown. These bond and tax credit projects, when completed, will total 595 units, of which 368 will be affordable. In addition, the balance of the Consortium will generate approximately 3,240 units, of which 1,936 will be affordable using IDA Bonds, State HOME funds, State Housing Trust Funds and LIHTCs. Total accomplishments for the Consortium will be about 3,840 total rental housing units with 2,304 being affordable. These are significant accomplishments toward addressing the need for affordable housing in the County.

The significant number of low-income people on the County's Section 8 waiting list is one indication of this need. One additional and unused source of funding you may want to use is the City of Phoenix HOPWA program. While Phoenix is the recipient of HOP WA funds, they are to be used throughout Maricopa and Pinal Counties to assist individuals with *HIV/AIDS*. Chances are that a percentage of individuals on County's Section 8 waiting list would meet the criteria for HOPWA funding. Phoenix's HOPWA Rental Assistance Program would be an appropriate supplement to your Section 8 program. Phoenix currently has HOPWA funds available that can assist approximately 17 individuals. Our staff is willing to provide technical assistance and/or assist in coordinating any request for funding from the City of Phoenix.

At the County's request, HUD provided the services of RCAC, a Technical Assistance (TA) provider through the Department's Technical Assistance Program. RCAC assisted County staff by restructuring HOME loan documents for a 140 unit multifamily rental project in unincorporated east Mesa. This included, but was not limited to reviewing current Maricopa County HOME award documents to determine if modifications are needed, reviewing project underwriting to determine reasonableness of developer requests, and advising staff on how to determine timing of HOME loan closing and what preconditions, if any, to include in a commitment letter. We are pleased that HUD was able to assist the County in its effort to provide affordable rental housing to County residents. Should there be a need for additional TA in the future, HUD's Technical Assistance program will be available to provide assistance.

Please be advised that through the Department's Technical Assistance Program, a statewide Affordable Housing Report is being prepared through the Arizona Department of Commerce. This Report is a large undertaking that has the potential to significantly benefit units of local government to design and implement policies and programs that will produce affordable housing. The on-going data collection will establish a baseline of information that will be updated periodically in the future. This baseline will include an inventory of Arizona's housing stock and the use of federal state and local government housing programs. An outline of various barriers to the production of affordable housing with potential solutions to overcome them will be identified for all incorporated communities in the State. Profiles of each community will be prepared which will include much of this information as well as indices of effectiveness. These indices will include an estimated gap of affordable units, dollars received, and units built in the past five years using public and leveraged funds. The Report will also be used at affordable housing summits that will be conducted in Phoenix, Tucson, and Flagstaff. The Report's findings will be highlighted and used to educate local government officials and housing professionals about available programs. It will also identify strategies for addressing affordable housing gaps in each

community. We urge you to attend the summit being planned in Phoenix and use the Report to address your future affordable housing needs. The Report will also be valuable as you update your Analysis of Impediments which is intended to be an action plan to overcome barriers to further fair housing.

Continuum of Care

Maricopa County continues to demonstrate its commitment to address the needs of homeless people and has been an active participant in the MAG continuum of care process. The County supports homeless assistance activities through a network of organizations such as Save the Family Foundation, Catholic Social Services of Central and Northern Arizona, and New Life Shelter, among others. It has currently taken the lead in proposing a regional homeless campus in Maricopa County. About \$95,000 of County general funds has been committed for planning and architectural services for this project.

In an effort to strengthen the Maricopa County Continuum of Care, HUD continued to make available to MAO, two Technical Assistance (TA) providers, Tonya, Inc., and HomeBase. Each TA provider was responsible for different critical elements to the continuum of care. Tonya, for example was tasked to present various alternative best practices of workable and effective continuum of care structures. Consistent with this effort, a subcontractor was brought in to discuss the concept of continuum of care, the application process including scoring, and renewals. Training on criteria for selecting projects and sample evaluation tools for use by the United Way was provided. In addition to the TA providers, Judge Gordon and about 20 others representing a cross section of this community traveled to the San Francisco Bay Area, at HUD's expense. The purpose was to meet with representatives of Alameda and Santa Clara Counties to discuss how they were able to structure and fund their successful continuums.

The effort to strengthen the Continuum of Care continues today. Most recently, HomeBase identified program specific aspects of successful continuums around the country, such as: comprehensive service programs, permanent affordable housing, systems of care, prevention through effective discharge planning, systems of care for vulnerable populations, mainstreaming, homeless management information systems, and funding. Their findings were recently issued in a formal report to MAO.

Since the problem, as well as the solution of homelessness is regional in scope, full representation and commitment from all government entities, businesses, non-profit organizations, and the faith-based community is imperative. The County's leadership and active participation in addressing the needs of homeless people is commendable. In FY 2000, the Maricopa County Continuum of Care was awarded \$18,636,994. We are pleased to be a partner with you in supporting the Maricopa County Continuum of Care process.

Neighborhood Revitalization

CDBG and HOME funds are used by the 15 urban county jurisdictions to stabilize, maintain, and expand their affordable housing stock, and to maintain and expand needed public facilities and improvements. These activities result in improved neighborhoods. During the past year, the City of El Mirage, through the County's Community Development Department, submitted to HUD a Neighborhood Revitalization Strategy Area (NRSA) Plan. A NSRA is a planning concept established within HUD's CDBG program which allows certain regulatory flexibilities. These regulatory flexibilities are realized primarily when undertaking housing, economic development and public service activities. The benefits of such an endeavor include a systematic and organized approach to achieving the community's economic development goals, establishing partnerships to better visualize and implement the plan's strategies, and a more significant cost/benefit resulting from the regulatory flexibilities. With the support of the County, and a technical assistance consultant provided by HUD, a NRSA Plan was submitted for HUD's review and approval. The strategy area covers a 2.5 square mile area of the northwest portion of El Mirage. This

plan can be a catalyst for future growth in El Mirage and can be a blueprint for other neighborhoods within cities participating in the County's CDBG program. We are waiting for the County Board of Supervisors to endorse the plan, which is needed for us to conclude our review and approval of the document.

Timeliness

The County continues to meet the commitment and/or expenditure requirements for its CPD-funded programs. In light of the new CDBG disbursement policy sent to you in earlier correspondence, it is particularly important to spend CDBG funds in a timely manner in order to address the pressing needs of low-income people in your community and demonstrate to Congress that grantees have the capacity to effectively address their high priority needs. One of the measures HUD uses to determine the timely use of CDBG funds is to evaluate a grantees Letter of Credit Control System (LOCCS) balance 60 days prior to the end of its program year. The regulations at 24 CFR 570.902 require a LOCCS balance of no more than 1.5 times the grantees grant amount. On average, grantees must strive to expend an amount equivalent to its current grant on an annual basis to achieve this balance. We are pleased to report that Maricopa County has consistently satisfied these requirements. Please be advised that as of January 14, 2002, LOCCS shows that Maricopa County realized a balance of 1.24, exceeding the 1.5 requirement far in advance of the April 30, 2002 deadline. Congratulations.

Finally, we thank the County for maintaining its partnership with HUD, a partnership that continues to produce meaningful housing and community development results. If you have any questions, please do not hesitate to contact me at (415) 436-6597, or your Senior Community Planning and Development Representative, Louis Kislin, at (602) 379-4754.

Sincerely,

Original Signed by Steven B. Sachs

Steven B. Sachs
Director, Community Planning
and Development Division

cc:
David Smith
Isabel McDougall
Rich Marshall